

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SINCLAIR BROADCAST GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or organization)4533
(Primary Standard Industrial
Classification Code Number)52-1494660
(I.R.S. Employer
Identification No.)2000 West 41st Street
Baltimore, Maryland 21211
(410) 467-5005(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)
See Table of Additional Registrants belowDavid D. Smith
President
Sinclair Broadcast Group, Inc.
2000 West 41st Street
Baltimore, Maryland 21211
(410) 467-5005(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

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One New York Plaza
New York, New York 10004
(212) 820-8000

Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
5% Senior Subordinated Notes due 2003	\$100,000,000	100%	\$100,000,000	\$31,250
Senior Subordinated Guarantees of 5% Senior Subordinated Notes due 2003(2)	—	—	—	(2)

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Pursuant to Rule 457(a), no separate fee is required.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Federal Communications Commission

Docket No. 93-94 Exhibit No. 26

Presented by SCRIPPS HOWARD

Disposition	{	Identified <u>✓</u>
		Received <u>✓</u>
		Rejected _____

Reporter M.K. FLEISHMAN

Date 11/15/93

TABLE OF ADDITIONAL REGISTRANTS

Name	State or Other Jurisdiction of Incorporation	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number	Address, including Zip Code, and Telephone Number, including Area Code, of Principal Executive Offices
Chesapeake Television, Inc.	Maryland	4833	52-1590917	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
Chesapeake Television Licensee, Inc.	Delaware	4833	51-0336990	1105 North Market Street Suite 1300 Wilmington, DE 19801 (302) 427-3629
WTTE, Channel 28, Inc.	Maryland	4833	52-1313500	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WTTE, Channel 28 Licensee, Inc.	Maryland	4833	52-1742776	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WPGH, Inc.	Maryland	4833	52-1742771	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WPGH Licensee, Inc.	Maryland	4833	52-1742774	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WTTO, Inc.	Maryland	4833	52-1836391	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WTTO Licensee, Inc.	Delaware	4833	51-0349553	1105 North Market Street Suite 1300 Wilmington, DE 19801 (302) 427-3629
WCGV, Inc.	Maryland	4833	52-1836393	2000 West 41st Street Baltimore, MD 21211 (410) 467-5005
WCGV Licensee, Inc.	Delaware	4833	51-0349552	1105 North Market Street Suite 1300 Wilmington, DE 19801 (302) 427-3629

SINCLAIR BROADCAST GROUP, INC.

CROSS REFERENCE SHEET

Pursuant to Item 501(b) of Regulation S-K

<u>Form S-1 Item Number and Caption</u>	<u>Location in Prospectus</u>
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Prospectus Summary; Investment Considerations; The Company; Selected Historical Financial Data
4. Use of Proceeds	Prospectus Summary; Use of Proceeds
5. Determination of Offering Price	Underwriting
6. Dilution	Not Applicable
7. Selling Security Holders	Not Applicable
8. Plan of Distribution	Outside Front Cover Page; Underwriting
9. Description of Securities to be Registered	Description of the Notes
10. Interests of Named Experts and Counsel	Not Applicable
11. Information with Respect to Registrants	Prospectus Summary; The Company; Capitalization; Selected Historical Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Stockholders; Description of Outstanding Indebtedness; Description of the Notes; Consolidated Financial Statements
12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Not Applicable

PROSPECTUS

SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 1993

SBG SINCLAIR BROADCAST GROUP

% Senior Subordinated Notes due 2003

The % Senior Subordinated Notes due 2003 (the "Notes") are being offered by Sinclair Broadcast Group, Inc. (the "Company"). The Notes will be guaranteed, jointly and severally (the "Guarantees"), on a senior subordinated basis by each of the Company's subsidiaries (the "Subsidiaries").

Interest on the Notes will be payable semiannually on _____ and _____ of each year, commencing _____, 1994. The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after _____, 1998, at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption. On or prior to _____, 1996, the Company may redeem up to 25% of the original principal amount of Notes with the proceeds of a Public Equity Offering (as defined) of the Company at _____% of the aggregate principal amount, together with accrued and unpaid interest, if any, to the date of redemption. In addition, upon the occurrence of a Change of Control (as defined), each holder of the Notes may require the Company to repurchase all or a portion of such holder's Notes at 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "Description of the Notes."

The Notes will be unsecured obligations of the Company and will be subordinated to all existing and future Senior Indebtedness (as defined) of the Company. The Guarantees will be unsecured obligations of the Subsidiaries and will be subordinated to all existing and future Guarantor Senior Indebtedness (as defined). As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes offered hereby and the application of the estimated net proceeds thereof, the aggregate amount of Senior Indebtedness that ranked senior in right of payment to the Notes would have been \$13.1 million and the aggregate amount of Guarantor Senior Indebtedness that ranked senior in right of payment to the Guarantees would have been \$18.9 million (including \$13.1 million of outstanding indebtedness representing guarantees of Senior Indebtedness). Under the terms of the indenture with respect to the Notes (the "Indenture"), the Company and the Subsidiaries are permitted to incur additional Senior Indebtedness and Guarantor Senior Indebtedness, including certain acquisition indebtedness.

For information concerning certain factors that should be considered by prospective investors, see "Investment Considerations."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discount(2)	Proceeds to Company(1)(3)
Per Note.....	\$ %	\$ %	\$ %
Total	\$	\$	\$

(1) Plus accrued interest, if any, from _____, 1993.

(2) The Company and the Subsidiaries have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(3) Before deducting expenses, estimated at \$ _____ payable by the Company.

The Notes are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the several Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery will be made in New York, New York on or about _____, 1993.

Chase Securities, Inc.

Lehman Brothers

, 1993.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

Sinclair Broadcast Group, Inc.

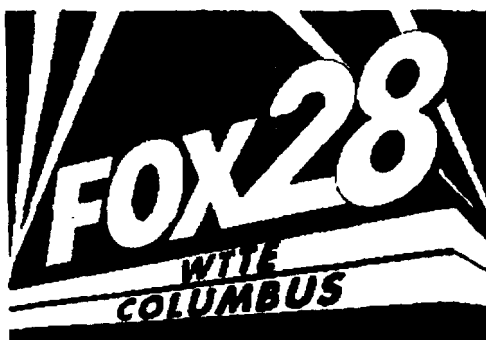
Baltimore, Maryland



Pittsburgh, Pennsylvania



Columbus, Ohio



IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary should be read in conjunction with the more detailed information, financial statements and notes thereto appearing elsewhere in this Prospectus. References in this Prospectus to the "Offering" shall refer to the offering of the Notes hereby. All market rank, rank in market and station audience share rating and share data in this Prospectus are from the Arbitron Station Index dated May 1993, unless otherwise noted. Unless the context otherwise requires, references to the "Company" mean Sinclair Broadcast Group, Inc., its wholly owned subsidiaries, Chesapeake Television, Inc., WPGH, Inc., WTTE, Channel 28, Inc., WTO, Inc. and WCGV, Inc., and their respective wholly owned subsidiaries, Chesapeake Television Licensee, Inc., WPGH Licensee, Inc., WTTE, Channel 28 Licensee, Inc., WTO Licensee, Inc. and WCGV Licensee, Inc. (collectively, the "Subsidiaries"). See "Investment Considerations" for a discussion of certain considerations associated with an investment in the Notes.

The Company

Sinclair Broadcast Group, Inc. owns and operates three Fox-affiliated independent UHF television stations: WBFF-TV in Baltimore, Maryland ("WBFF"); WPGH-TV in Pittsburgh, Pennsylvania ("WPGH"); and WTTE-TV in Columbus, Ohio ("WTTE"). WBFF and WPGH are the leading revenue producing independents in their respective markets. WTTE is the sole independent in the Columbus market. Each of the stations broadcasts in one of the top 35 television markets in the country. The Company's three markets are characterized by favorable demographics and strong local economies.

During the last three years, the Company's net broadcast revenues have grown steadily from \$37.5 million in 1990 to \$67.3 million in 1992, representing a compound annual growth rate of 34.0%. Broadcast operating cash flow has increased from \$11.5 million in 1990 to \$25.8 million in 1992, representing a compound annual growth rate of 49.8%.

WBFF is located in Baltimore, the 22nd largest media market in the country, with over 965,000 television households and a population of approximately 2.6 million. Baltimore is home to a large number of state and federal employees and has significant concentrations of business in the education, health care and defense industries. Total television advertising revenues in the Baltimore market increased by 4.9% in 1992 from 1991.

WPGH is located in Pittsburgh, the 17th largest media market in the country with over 1.1 million television households and a population of approximately 2.9 million. Pittsburgh is a market in transition from a heavy manufacturing economic base toward a high technology economy. Pittsburgh is known as one of the leading medical centers in the country and is also home to many Fortune 500 companies. Total television advertising revenues in the Pittsburgh market increased by 9.5% in 1992 from 1991.

WTTE is located in Columbus, the 34th largest media market in the country, with over 695,000 television households and a population of approximately 1.8 million. Columbus, Ohio's state capital and the home of Ohio State University and many Fortune 500 companies, is a growing area characterized by a relatively young population. Total television advertising revenues in the Columbus market increased by 16.2% in 1992 from 1991.

The Company's operating strategy is: (i) to increase viewership and advertising revenues through the acquisition of quality programming, the use of counter-programming and children's programming, the introduction and development of hour-long local news at 10:00 p.m., and extensive community involvement by the stations; (ii) to aggressively control operating and programming costs; and (iii) to acquire additional broadcast properties which offer attractive growth opportunities.

The Company is the successor to a business founded in 1952 by the father of the Company's current stockholders and which received its first television broadcast license in the late 1960s when it constructed WBFF in Baltimore. Subsequently, the business expanded through the construction of WPTT-TV ("WPTT") in Pittsburgh in 1978, WTTE in Columbus in 1984 and WIIB-TV ("WIIB") in Bloomington, Indiana in 1988. In 1986, the predecessor business was acquired by the Company, which was formed by certain stockholders, including the Company's current stockholders, David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith (collectively, the "Current Stockholders"), and their parents (together with the Current Stockholders, the "Smith Family"). During 1989 and 1990, the Company redeemed all of the outstanding shares of its capital stock held by stockholders other than the Current Stockholders. The Company sold WIIB in 1990 for \$1.5 million. In 1991, the Company sold WPTT for \$7 million and acquired WPGH for \$55 million.

Proposed Acquisitions

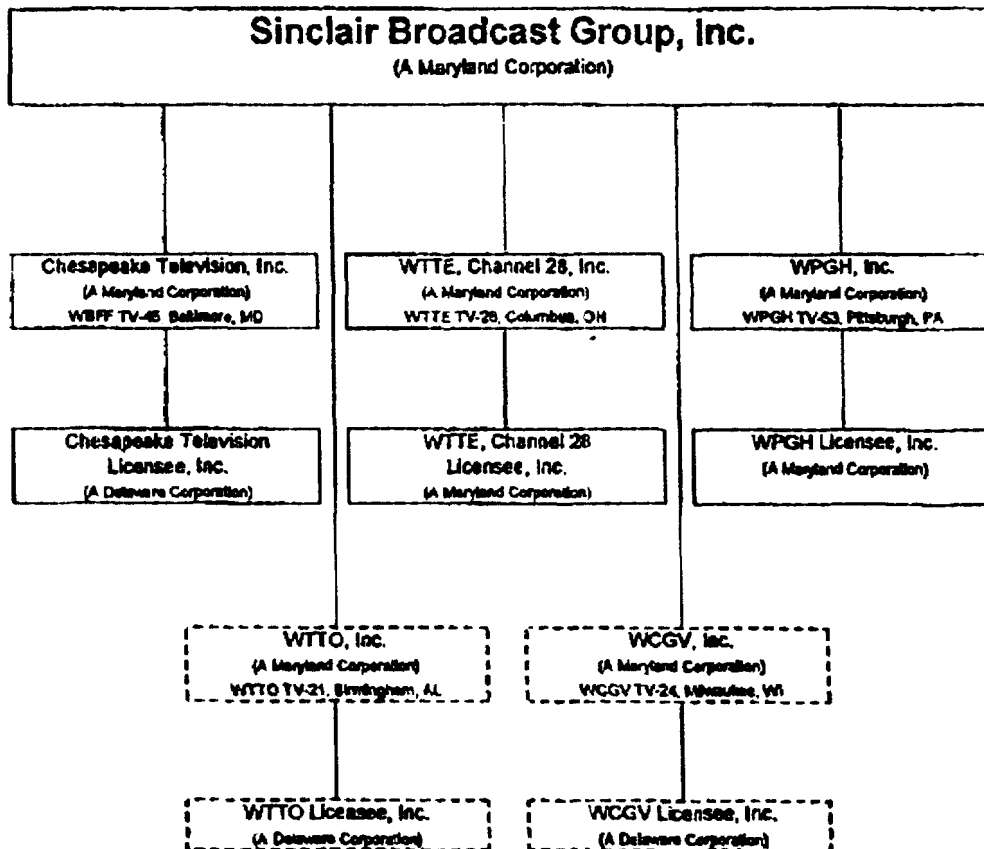
In August 1993, the Company entered into asset purchase agreements for the acquisition of two additional Fox-affiliated independent UHF television stations, WCGV-TV in Milwaukee, Wisconsin ("WCGV") and WTTO-TV in Birmingham, Alabama ("WTTO"), for an aggregate purchase price of approximately \$60 million, subject to certain closing conditions and adjustments. If the acquisition is completed, the Company will also pay to the sellers approximately \$56 million pursuant to a non-competition agreement with respect to Milwaukee, Birmingham and the Company's current markets. WCGV is one of two independents in the Milwaukee market, the 28th largest media market in the country; and WTTO is the leading revenue producing independent in the Birmingham market, the 49th largest media market in the country.

In August 1993, the Company also entered into agreements for the purchase of the programming inventory and certain other assets (excluding the Federal Communications Commission ("FCC") licenses, call letters, transmitter and technical equipment) of WNUV-TV in Baltimore, Maryland ("WNUV") and WVTM-TV in Milwaukee, Wisconsin ("WVTM"), for an aggregate purchase price of approximately \$65 million, subject to certain closing conditions and adjustments. The proposed acquisitions of WCGV and WTTO and the purchase of certain assets of WNUV and WVTM are referred to herein collectively as the "Proposed Acquisitions."

FCC consent to the Proposed Acquisitions is pending. If FCC approval is obtained, it is expected that the Proposed Acquisitions will be consummated and that the Company will enter into programming services agreements ("PSAs") with WNUV and WVTM whereby the Company, in exchange for an hourly fee, will obtain the right to program and sell advertising on some of the stations' inventory of broadcast time. The Company intends to incur additional indebtedness of approximately \$180 million to finance the Proposed Acquisitions. The consummation of the Proposed Acquisitions is not a condition to the Offering.

Organizational Structure

The following diagram outlines the organizational structure of the Company prior to, and after giving effect to, the Proposed Acquisitions.



Key:

- Current operating and license subsidiaries
- Subsidiaries formed to effect Proposed Acquisitions

The Offering

Notes Offered.....	\$100,000,000 aggregate principal amount of % Senior Subordinated Notes due 2003.
Maturity Date	, 2003.
Interest Payment Dates	and of each year, commencing , 1994.
Optional Redemption	The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after , 1998, at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption. On or prior to , 1996, the Company may redeem up to 25% of the original principal amount of the Notes with the proceeds of a Public Equity Offering at % of the aggregate principal amount, together with accrued and unpaid interest, if any, to the date of redemption.
Change of Control	Upon the occurrence of a Change of Control, each holder of the Notes may require the Company to repurchase all or a portion of such holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase.
Ranking	The Notes will be unsecured subordinated obligations of the Company and, as such, will be subordinated to all existing and future Senior Indebtedness of the Company. The Notes will rank <i>pari passu</i> with all future senior subordinated indebtedness of the Company, if any. As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes offered hereby and the application of the estimated net proceeds thereof, the aggregate amount of Senior Indebtedness that ranked senior in right of payment to the Notes would have been \$13.1 million, and the aggregate amount of indebtedness that was <i>pari passu</i> in right of payment with the Notes would have been \$3.9 million. In connection with the Proposed Acquisitions, the Company intends to incur an additional \$180 million of indebtedness, all or a portion of which may constitute Senior Indebtedness.
Guarantees	The Notes will be guaranteed, jointly and severally, on a senior subordinated basis by each of the Subsidiaries of the Company. As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes offered hereby and the application of the estimated net proceeds thereof, the aggregate amount of Guarantor Senior Indebtedness that ranked senior in right of payment to the Guarantees would have been \$18.9 million (including \$13.1 million of outstanding indebtedness representing guarantees of Senior Indebtedness).
Certain Covenants	The Indenture will contain certain covenants, including, but not limited to, covenants with respect to the following matters: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv)

limitation on senior subordinated indebtedness; (v) limitation on liens; (vi) limitation on sale of assets; (vii) limitation on issuances of guarantees of and pledges for indebtedness; (viii) restriction on transfer of assets; (ix) limitation on subsidiary equity interests; (x) limitation on dividends and other payment restrictions affecting subsidiaries; (xi) limitation on unrestricted subsidiaries; and (xii) restrictions on mergers, consolidations and the transfer of all or substantially all of the assets of the Company to another person.

Use of Proceeds The net proceeds from the sale of the Notes will be utilized to repay outstanding indebtedness under the Company's Credit Agreement, dated August 30, 1991, as amended, among the Company, the Subsidiaries and the lenders named therein (the "Bank Credit Agreement") and for working capital purposes. See "Use of Proceeds."

Absence of Public Market for the Notes There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes through the National Association of Securities Dealers Automated Quotation System ("Nasdaq"). The Company has been advised by Chase Securities, Inc. and Lehman Brothers Inc. (together, the "Underwriters") that, following the completion of the Offering, the Underwriters presently intend to make a market in the Notes; however, they are under no obligation to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market will develop. If an active public market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

Investment Considerations

Before purchasing the Notes offered hereby, potential investors should consider the factors described in "Investment Considerations." These factors include substantial leverage and restrictive covenants contained in the instruments governing the Company's indebtedness, subordination of the Notes and the Guarantees and encumbrances on the Company's assets, holding company structure, the effect of the loss of any of the Company's affiliation agreements with the Fox Broadcasting Company ("Fox"), the television industry in general, certain regulatory matters, conflicts of interest, the possible failure to consummate the Proposed Acquisitions, treatment of certain station agreements, control by principal stockholders and dependence on key personnel and absence of a public trading market for the Notes.

Summary Consolidated Financial Data

The summary consolidated financial data for each of the years 1988 through 1992 and the six months ended June 30, 1993 have been derived from the Company's audited consolidated financial statements (the "Consolidated Financial Statements"). The consolidated financial statements for the three months ended December 31, 1990, the years ended December 31, 1991 and 1992 and the six months ended June 30, 1992 and 1993 are included elsewhere in this Prospectus. The consolidated financial statements for, and as of, the six months ended June 30, 1992 are unaudited, but in the opinion of management, such financial statements have been prepared on the same basis as the audited Consolidated Financial Statements included elsewhere in this Prospectus and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for that period. Results for the six months ended June 30, 1993 are not necessarily indicative of the results for a full year.

The acquisition by the Company on September 30, 1990 of the stock held by the parents of the Current Stockholders (the "Founders' Stock") was accounted for under the "push-down" method of accounting and a new accounting basis was established for the Company beginning September 30, 1990. Accordingly, results of operations for periods prior to September 30, 1990 are presented as predecessor company financial information, and are not comparable to results for subsequent periods.

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this Prospectus.

	The Predecessor			The Company				
	Year Ended December 31,		Nine Months Ended Sept. 30,	Three Months Ended Dec. 31,	Year Ended December 31,		Six Months Ended June 30,	
	1988	1989	1990(a)(b)	1990	1991(c)(d)	1992	1992	1993
(Dollars in thousands)								
Statement of Operations Data:								
Net broadcast revenues	\$34,464	\$38,690	\$27,268	\$10,205	\$45,358	\$67,349	\$30,770	\$34,586
Operating expenses, excluding depreciation and amortization and special bonuses to be paid to executive officers	24,071	25,052	15,176	6,448	25,187	31,117	14,471	14,699
Depreciation and amortization (e) ..	6,407	9,913	5,156	1,765	18,078	30,920	14,867	11,857
Special bonuses to be paid to executive officers	—	—	—	—	—	—	—	10,000
Broadcast operating income	3,986	3,725	6,936	1,992	2,093	5,312	1,432	(1,970)
Interest expense	3,825	3,972	3,426	1,402	8,895	12,997	6,620	5,783
Interest and other income	35	66	324	150	562	1,207	625	1,406
Income (loss) before (provision) benefit for income taxes and extraordinary item	196	(181)	3,834	740	(6,240)	(6,478)	(4,563)	(6,347)
Net income (loss)	(339)	(898)	2,342	452	(4,660)	(5,289)	(3,726)	(5,269)
Ratio of earnings to fixed charges (f) ..	1.1x	—	2.1x	1.5x	—	—	—	—
Other Data:								
Net cash flows from operating activities	\$ 6,916	\$ 6,896	\$ 2,303	\$ 2,757	\$ 2,424	\$15,662	\$ 3,551	\$17,756
Broadcast operating cash flow (g) ..	4,045	8,350	8,971	2,586	15,483	25,805	11,680	15,946
Broadcast operating cash flow margin (h)	11.7%	21.6%	32.9%	25.3%	34.1%	38.3%	38.0%	46.1%
Cash paid for interest	\$ 3,156	\$ 3,844	\$ 3,731	\$ 334	\$ 5,604	\$13,192	\$ 7,357	\$ 4,592
Program contract payments	6,348	5,288	3,121	1,171	4,688	10,427	4,619	3,941
Capital expenditures	1,520	1,239	1,652	479	3,985	441	194	151
Ratio of total debt to broadcast operating cash flow (i)					7.2x	4.3x		3.2x
Ratio of broadcast operating cash flow to cash payments for interest ..					2.8x	2.0x		3.5x
Ratio of broadcast operating cash flow to interest expense					1.7x	2.0x		2.8x
Ratio of broadcast operating cash flow to interest expense, net					1.8x	2.2x		3.0x
Ratio of broadcast operating cash flow less capital expenditures to cash payments for interest					2.1x	1.9x		3.4x

(Footnotes on following page)

	The Predecessor		The Company			
	As of December 31,		As of December 31,			As of
	1988	1989	1990	1991(c)(d)	1992	June 30, 1993
(Dollars in thousands)						
Balance Sheet Data:						
Total assets	\$49,593	\$51,156	\$75,102	\$149,227	\$139,728	\$125,326
Total debt (j)	29,729	31,020	51,280	112,183	110,659	96,814
Total stockholders' equity	105	(793)	1,608	(3,052)	(3,765)	(9,009)

- (a) On September 30, 1990, the Company redeemed all of the Founders' Stock. The redemption was accounted for under the "push-down" method of accounting since approximately 73% of the outstanding shares of capital stock was purchased and a management control group became owner of all of the Company's outstanding capital stock.
- (b) On September 30, 1990, the Company sold Channel 63, Inc., the owner and operator of WTIB, to the Current Stockholders. The statement of operations, balance sheet and other data subsequent to this date do not include amounts of Channel 63, Inc. and are therefore not comparable to preceding periods.
- (c) WPGH, Inc. acquired the assets of WPGH on August 30, 1991. The statement of operations, balance sheet and other data presented for periods preceding this date do not include amounts for WPGH and are therefore not comparable to subsequent periods.
- (d) WPTT was sold on August 30, 1991. The statement of operations, balance sheet and other data presented for periods subsequent to this date do not include amounts for WPTT and are therefore not comparable to preceding periods.
- (e) Depreciation and amortization includes amortization of program contract costs and net realizable value adjustments, depreciation and amortization of property and equipment, and amortization of acquired intangible broadcasting assets and other assets including amortization of deferred financing costs.
- (f) For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of net income (loss) before income taxes and extraordinary item plus fixed charges. Fixed charges consist of interest expense, which includes interest on all debt and amortization of debt discount and deferred financing costs. Earnings were inadequate to cover fixed charges for the years ended December 31, 1989, 1991 and 1992 and the six months ended June 30, 1992 and 1993 by \$181, \$6,240, \$6,478, \$4,563 and \$6,347, respectively.
- (g) Broadcast operating cash flow is defined as broadcast operating income plus depreciation and amortization and special bonuses to be paid to executive officers, less program contract payments. Broadcast operating cash flow is a widely accepted financial indicator of a company's ability to service and/or incur debt. However, broadcast operating cash flow should not be construed as an alternative to broadcast operating income or net cash flows from operating activities and should not be construed as an indication of the Company's operating performance or as a measure of liquidity.
- (h) Broadcast operating cash flow margin is defined as broadcast operating cash flow divided by net broadcast revenues.
- (i) For the six months ended June 30, 1993, the ratio of total debt to broadcast operating cash flow was computed using broadcast operating cash flow for the 12 months ended June 30, 1993.
- (j) Total debt is defined as long-term debt, net of unamortized discount, and capital lease obligations, including current portion thereof, and warrants outstanding. The remaining outstanding warrants were purchased by the Company for \$9.0 million in September 1993.

Summary Pro Forma Consolidated Financial Data

The Summary Pro Forma Consolidated Financial Data of the Company are derived from the pro forma consolidated financial statements of the Company included elsewhere in this Prospectus. See "Pro Forma Consolidated Financial Data."

	Post Offering		Post Acquisition	
	Year Ended December 31, 1992	Six Months Ended June 30, 1993	Year Ended December 31, 1992	Six Months Ended June 30, 1993
(Dollars in thousands)				
Statement of Operations Data:				
Net broadcast revenues	\$67,349	\$34,586	\$102,528	\$52,101
Operating expenses, excluding depreciation and amortization and special bonuses to be paid to executive officers	31,117	14,699	50,924	22,402
Depreciation and amortization (a)	30,876	11,831	65,524	28,540
Special bonuses to be paid to executive officers	—	10,000	—	10,000
Broadcast operating income	5,356	(1,944)	(13,920)	(8,841)
Interest expense	12,129	6,409	29,379	14,534
Interest and other income	1,207	1,406	1,207	1,406
Income (loss) before (provision) benefit for income taxes	(6,566)	(6,947)	(42,092)	(21,969)
Net income (loss)	(5,377)	(6,067)	(40,903)	(21,089)
Ratio of earnings to fixed charges (b)	—	—	—	—
Other Data:				
Net cash flows from operating activities	\$15,618	\$17,130	\$ 24,300	\$21,343
Broadcast operating cash flow (c)	25,805	15,946	41,874	24,367
Broadcast operating cash flow margin (d)	38.3%	46.1%	40.8%	46.8%
Cash paid for interest	\$15,420	\$ 8,700	\$ 33,358	\$14,378
Program contract payments (e)	10,427	3,941	19,902	8,631
Capital expenditures	441	151	730	372
Ratio of total debt to broadcast operating cash flow (f)	4.8x	4.1x	7.2x	6.4x
Ratio of broadcast operating cash flow to cash payments for interest	1.7x	1.8x	1.3x	1.7x
Ratio of broadcast operating cash flow to interest expense	2.0x	2.5x	1.4x	1.7x
Ratio of broadcast operating cash flow to interest expense, net	2.1x	2.7x	1.5x	1.7x
Ratio of broadcast operating cash flow less capital expenditures to cash payments for interest	1.6x	1.8x	1.2x	1.7x
			Post Offering As of June 30, 1993	Post Acquisition As of June 30, 1993
Balance Sheet Data:				
Total assets			\$140,308	\$325,936
Total debt (g)			122,789	302,789
Total stockholders' equity			(17,952)	(17,952)

(footnotes on following page)

- (a) Depreciation and amortization includes amortization of program contracts and net realizable value adjustments, depreciation and amortization of property and equipment, and amortization of acquired intangible broadcasting assets and other assets including amortization of deferred financing costs.
- (b) For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of net income (loss) before income taxes and extraordinary items plus fixed charges. Fixed charges consist of interest expense, which includes interest on all debt and amortization of debt discount and deferred financing costs. Earnings were inadequate to cover fixed charges for the year ended December 31, 1992 and the six months ended June 30, 1993 on a pro forma post Offering basis by \$6,566 and \$6,947, respectively, and on a pro forma post acquisition basis by \$42,092 and \$21,969, respectively.
- (c) Broadcast operating cash flow is defined as broadcast operating income plus depreciation and amortization (including depreciation and amortization related to the PSAs) and special bonuses to be paid to executive officers, less program contract payments.
- (d) Broadcast operating cash flow margin is defined as broadcast operating cash flow divided by net broadcast revenues.
- (e) Program contract payments include \$8,244 and \$4,690 of program contracts made under the PSAs for the year ended December 31, 1992 and the six months ended June 30, 1993.
- (f) For the six months ended June 30, 1993, the ratio of total debt to broadcast operating cash flow was computed using pro forma broadcast operating cash flow for the 12 months ended June 30, 1993.
- (g) Total debt is defined as long-term debt, net of unamortized discount, and capital lease obligations, including current portion thereof, and warrants outstanding.

INVESTMENT CONSIDERATIONS

In addition to the other information contained in this Prospectus, prospective investors should review carefully the following considerations concerning the Company and the television broadcast industry before purchasing the Notes offered hereby.

Substantial Leverage; Restrictive Covenants

As of June 30, 1993 and after giving effect to the sale of the Notes and the repayment of indebtedness outstanding under the Bank Credit Agreement with the proceeds of the Offering, the Company would have had \$122.8 million of indebtedness outstanding and, subject to certain restrictions, up to \$15.0 million available under the Revolving Credit Facility (as defined). In addition, the Company intends to incur additional indebtedness of approximately \$180 million to finance the Proposed Acquisitions. The Company's ability to satisfy its financial obligations under the Notes and under its other indebtedness outstanding from time to time will depend upon its future operating performance, which is subject to certain regulatory matters, prevailing economic conditions, levels of interest rates and financial, business and other factors, many of which are beyond the Company's control.

The Company's current and future debt service obligations could have important consequences to holders of the Notes, including the following: (i) the Company's ability to obtain additional financing for future working capital needs or financing for the Proposed Acquisitions or other purposes may be limited; (ii) a substantial portion of the Company's cash flow from operations will be dedicated to the payment of principal and interest on its indebtedness, thereby reducing funds available for operations; and (iii) the Company may be more vulnerable to adverse economic conditions than less leveraged competitors and, thus, may be limited in its ability to withstand competitive pressures.

The Bank Credit Agreement and the Indenture contain, and the agreements relating to the indebtedness to be incurred in connection with the Proposed Acquisitions are expected to contain, numerous financial and operating covenants including, among others, restrictions on the ability of the Company to incur additional indebtedness, to create liens or other encumbrances, to make certain payments and investments, and to sell or otherwise dispose of assets and merge or consolidate with another entity. See "Description of Outstanding Indebtedness -- Bank Credit Agreement" and "Description of the Notes -- Certain Covenants." The Bank Credit Agreement also requires, and any financing in connection with the Proposed Acquisitions may require, the Company to meet certain financial tests on a consolidated basis, some of which may be more restrictive in future years. A failure to comply with the obligations contained in the Bank Credit Agreement, the Indenture or any agreements with respect to any additional financing could result in an event of default under such agreements which could permit acceleration of the related debt and acceleration of debt under other debt agreements that may contain cross-acceleration or cross-default provisions.

Subordination of the Notes and the Guarantees; Asset Encumbrances

The payment of principal of, premium, if any, and interest on the Notes will be subordinated to the prior payment in full of existing and future Senior Indebtedness of the Company, which includes all indebtedness under the Bank Credit Agreement and the Founders' Notes (as defined) and may include all or a portion of the financing for the Proposed Acquisitions. Therefore, in the event of the liquidation, dissolution, reorganization, or any similar proceeding regarding the Company, the assets of the Company will be available to pay obligations on the Notes only after Senior Indebtedness has been paid in full in cash or cash equivalents or in any other manner acceptable to the holders of Senior Indebtedness, and there may not be sufficient assets to pay amounts due on all or any of the Notes. In addition, the Company may not pay principal of, premium, if any, interest on or any other amounts owing in respect of the Notes, make any deposit pursuant to defeasance provisions or purchase, redeem or otherwise retire the Notes, if any Designated Senior Indebtedness (as defined in the Indenture) is not paid when due or any other default on Designated Senior Indebtedness occurs and the maturity of such indebtedness is accelerated in accordance with its terms unless, in either case, such default has been cured or waived, any such acceleration has been rescinded or such indebtedness has been repaid in full. Moreover, under certain circumstances, if any non-payment default exists with

respect to Designated Senior Indebtedness, the Company may not make any payments on the Notes for a specified time, unless such default is cured or waived, any acceleration of such indebtedness has been rescinded or such indebtedness has been repaid in full. See "Description of the Notes - Subordination." At June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes and the repayment of indebtedness outstanding under the Bank Credit Agreement with the proceeds of the Offering, the aggregate amount of Senior Indebtedness that ranked senior in right of payment to the Notes would have been \$13.1 million, and the aggregate amount of indebtedness that was *pari passu* in right of payment to the Notes would have been \$3.9 million.

The Guarantees by the Subsidiaries will be subordinated in right of payment to the guarantees by the Subsidiaries of the Company's obligations under the Bank Credit Agreement and will be subordinated in the future to all future guarantees by the Subsidiaries of Senior Indebtedness of the Company and any other Guarantor Senior Indebtedness. As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes and the repayment of indebtedness outstanding under the Bank Credit Agreement with the proceeds of the Offering, the aggregate amount of Guarantor Senior Indebtedness that ranked senior in right of payment to the Guarantees would have been \$18.9 million (including \$13.1 million of outstanding indebtedness representing guarantees of Senior Indebtedness).

The Notes will not be secured by any of the Company's assets. The obligations of the Company under the Bank Credit Agreement, however, are secured, to the extent permitted by law, by a first priority security interest in substantially all of the Company's assets, including the assets of the Subsidiaries. Moreover, the Company's obligations under the Founders' Notes are secured on a second priority basis in substantially all of the Company's assets, including the assets of the Subsidiaries. In addition, all or a portion of the indebtedness incurred by the Company to finance the Proposed Acquisitions may also be similarly secured by all of the Company's assets. If the Company becomes insolvent or is liquidated, or if payment under the Bank Credit Agreement, the Founders' Notes or such additional secured indebtedness is accelerated, the lenders under the Bank Credit Agreement, the holders of the Founders' Notes and such additional secured indebtedness would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to instruments governing such indebtedness. Accordingly, such lenders will have a prior claim on such of the Company's assets. In any such event, because the Notes will not be secured by any of the Company's assets, it is possible that there would be no assets remaining from which claims of the holders of the Notes could be satisfied or, if any such assets remained, such assets might be insufficient to satisfy such claims fully. See "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources," "Description of the Notes" and Notes to the Consolidated Financial Statements.

Holding Company Structure; Subsidiary Guarantees

The Notes are the obligations of the Company. As of June 30, 1993, approximately 86% of the tangible assets of the Company were held by the Subsidiaries, and for the six months ended June 30, 1993, all of the Company's operating revenues were derived from operations of the Subsidiaries. Therefore, the Company's ability to make interest and principal payments when due to holders of the Notes is dependent, in part, upon the receipt of sufficient funds from its Subsidiaries.

The Company's obligations under the Notes will be guaranteed, jointly and severally, on a senior subordinated basis by each of the Subsidiaries. To the extent that a court were to find that: (i) a Guarantee was incurred by a Subsidiary with intent to hinder, delay or defraud any present or future creditor or the Subsidiary contemplated insolvency with a design to prefer one or more creditors to the exclusion in whole or in part of others; or (ii) such Subsidiary did not receive fair consideration or reasonable equivalent value for issuing its Guarantee and such Subsidiary: (a) was insolvent; (b) was rendered insolvent by reason of the issuance of such Guarantee; (c) was engaged or about to engage in a business or transaction for which the remaining assets of such Subsidiary constituted unreasonably small capital to carry on its business; or (d) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured, the court could avoid or subordinate such Guarantee in favor of the Subsidiary's other creditors. Among other things, a legal challenge of a Guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the Sub-

sidiary as a result of the issuance by the Company of the Notes. To the extent any Guarantee were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Notes would cease to have any claim in respect of such Subsidiary and would be creditors solely of the Company and any Subsidiary whose Guarantee was not avoided or held unenforceable. In such event, the claims of the holders of the Notes against the issuer of an invalid Guarantee would be subject to the prior payment of all liabilities of such Subsidiary. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes relating to any voided Guarantee.

Based upon financial and other information currently available to it, the Company believes that the Notes and the Guarantees are being incurred for proper purposes and in good faith and that the Company and each Subsidiary is solvent and will continue to be solvent after issuing the Notes or its Guarantee, as the case may be, will have sufficient capital for carrying on its business after such issuance and will be able to pay its debts as they mature. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources," "Description of the Notes" and "Description of Outstanding Indebtedness — Bank Credit Agreement."

Fox Affiliation

All three of the Company's existing stations (WBFF, WPGH and WTTE), as well as the stations proposed to be acquired (WCGV and WTTQ), are affiliated with Fox, which provides those stations with up to 20 hours of programming time per week, including 15 hours of prime time programming, in return for the stations broadcasting Fox-inserted commercials in the programs. Although Fox affiliates have generally achieved higher ratings than unaffiliated independent stations in the same market, there can be no assurance as to the future success of Fox programming or even whether Fox programming will continue. The Company's Fox affiliation agreements expire in October 1998 and are subject to termination by Fox under certain circumstances. Although Fox has occasionally changed affiliates in certain markets, the Company believes that Fox has generally renewed its existing affiliation agreements. The Company believes it presently enjoys a good relationship with Fox, and its stations have improved their respective ranking as Fox affiliates since the inception of their affiliation. There can be no assurance, however, that the Fox affiliation agreements will remain in place or that Fox will continue to provide programming to affiliates on the same basis that currently exists. The non-renewal or termination of the Fox affiliation of one or more of the Company's stations could have a material adverse effect on the Company's operations. See "Business — Fox Affiliation."

Fox has recently announced that it intends to provide programming on a designated Fox channel over one major cable network, and that it plans to negotiate similar transactions with other cable companies. The Company expects that the programming offered by Fox on this channel will be different from the programming broadcast on the Fox affiliates; nevertheless, such programming may have an impact upon the viewers of Fox over-the-air programming. The Company cannot predict the impact of the Fox cable programming or whether the cable companies now carrying WBFF, WPGH and/or WTTE will carry the proposed Fox cable channel. However, the proposed Fox cable channel, if carried by cable companies now carrying the Company's stations, could cause a decline in viewership of the Company's stations which could have a material adverse effect on the Company's operations.

Television Industry

The television industry is highly competitive. Some of the stations with which the Company's stations compete are subsidiaries of large national or regional companies that have greater resources than the Company. Technological innovation and the resulting proliferation of programing alternatives, such as cable television, pay-per-view and home video, have fractionalized television viewing audiences and subjected television broadcast stations to new types of competition. Over the past 10 years, cable television has captured increasing market share while the overall viewership of the major networks has declined.

The Company's stations face strong competition for market share and advertising revenues in their respective markets from other local broadcast stations, cable television, radio stations, newspapers, periodicals and other entertainment media. Some competitors are part of larger companies with greater financial, technical and other resources than the Company.

The FCC has proposed the adoption of rules for implementing advanced (including high-definition) television service ("ATV") in the United States. Implementation of ATV will improve the technical quality of television. Under certain circumstances, however, conversion to ATV operations may reduce a station's geographical coverage area. Implementation of ATV will impose additional costs on television stations providing the new service, due to increased equipment costs. At the same time, there is a potential for increased revenues derived through the use of high-definition television. While the Company believes the FCC will authorize ATV in the United States, the Company cannot predict when such authorization might be given or the effect such authorization might have on the Company's business.

Further advances in technology may also increase competition for household audiences and advertisers. Video compression techniques, now under development for use with current cable channels or direct broadcast satellites (scheduled to commence operation in 1994), are expected to reduce the bandwidth required for television signal transmission. These compression techniques, as well as other technological developments, are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized "niche" programming. This ability to reach very defined audiences may alter the competitive dynamics for advertising expenditures. The Company is unable to predict the effect that technological changes will have on the broadcast television industry or the future results of the Company's operations. See "Business - Competition."

Regulatory Matters

The broadcasting industry is subject to regulation by the FCC pursuant to the Communications Act of 1934, as amended (the "Communications Act"). Approval by the FCC is required for the issuance, renewal and transfer of station operating licenses. In particular, the Company's business will be dependent upon its continuing to hold television broadcasting licenses from the FCC that are issued for terms of five years. While in the vast majority of cases such licenses are renewed by the FCC, there can be no assurance that the Company's licenses will be renewed at their expiration dates. All three of the Company's stations are presently operating under regular five-year licenses which expire on August 1, 1994 (WPGH), October 1, 1996 (WBFF) and October 1, 1998 (WTTE). The United States Congress and the FCC currently have under consideration and may in the future adopt new laws, regulations and policies regarding a wide variety of matters (including technological changes) which could, directly or indirectly, affect the operations and ownership of the Company's broadcast properties. See "Business - Licensing and Regulation."

Conflicts of Interest

In addition to their respective interests in the Company and the Subsidiaries, members of the Smith Family hold ownership interests in various non-Company entities which are involved in businesses related to the business of the Company, including, among others, operation of television stations in St. Petersburg, Florida and Bloomington, Indiana. Members of the Smith Family are free to continue to own these interests and to acquire additional interests in television industry enterprises, including interests in enterprises that are competitive with the Company or the Subsidiaries. Such activities could present a conflict of interest with the Company in the allocation of management time and resources of executive officers and in diversion of corporate opportunities. In addition, there have been and will continue to be transactions between the Company and members of the Smith Family or other entities in which members of the Smith Family have ownership interests or with which they are affiliated. For example, the Company leases certain properties from entities controlled by the Current Stockholders. See "Certain Transactions." There is no established procedure or policy for resolving such conflicts of interest. The Indenture provides that transactions between the Company and its affiliates, including members of the Smith Family, must be no less favorable to the Company than would be available in a comparable transaction in arm's-length dealings with an unrelated third party. Moreover, the Indenture provides that any such transactions involving aggregate payments in excess of \$1.0 million must be approved by a majority of the members of the Board of Directors of the

Company and the Company's independent director, and, in the case of any such transactions involving aggregate payments in excess of \$5.0 million, the Company shall be required to obtain an opinion as to the fairness of the transaction to the Company from a financial point of view issued by an investment banking firm of national standing. See "Description of the Notes - Certain Covenants - *Limitation on Transactions with Affiliates*." The Company does not have employment contracts or non-competition agreements with any of the members of the Smith Family. There is no obligation on the part of the members of the Smith Family to make any future acquisition opportunity available to the Company, and there can be no assurance that they will do so or that any such acquired entity will become a subsidiary of the Company.

Four Jacks Broadcasting, Inc. ("Four Jacks"), a company wholly owned by the Current Stockholders, has filed a competing application with the FCC for the broadcast license for VHF Channel 2 in Baltimore, Maryland. Because of the FCC's multiple ownership rules, the principals of Four Jacks have committed themselves in their application for Channel 2 to divest the interest held by the Company in the broadcast license for WBFF if Channel 2 is awarded to them and before assuming operational control of Channel 2.

Possible Failure to Consummate Proposed Acquisitions

Consummation of each of the Proposed Acquisitions is subject to the receipt of sufficient financing and certain closing conditions, including the closing of each of the other Proposed Acquisitions and the Glencairn Acquisitions (as defined). FCC consent for the Proposed Acquisitions and the Glencairn Acquisitions is also required and is a precondition to closing. The Company estimates that the FCC will rule on the Proposed Acquisitions and the Glencairn Acquisitions during the first quarter of 1994. If the FCC grants its consent to these transactions, members of the general public have 30 days from the day upon which public notice of the FCC's consent to these transactions is granted to petition the FCC to reconsider, review or stay the FCC consent to any of these transactions. The FCC has an additional 10 days to set aside on its own motion the consent to any of these transactions. Thus, assuming that no action is taken to reconsider or review the FCC consent, the FCC consent to these transactions becomes final 40 days from the date on which the FCC issues its public notice reflecting the grant of the licenses. Whether or not FCC consent has been obtained, any party to the purchase agreements may terminate such agreements after June 30, 1994. If FCC consent is obtained but the Proposed Acquisitions are not consummated, the Company will, in certain circumstances (including the failure to obtain sufficient financing), forfeit its \$6.25 million deposit in the form of a letter of credit. There can be no assurance that FCC consent will be granted, that the other closing conditions will be satisfied or waived, or that the Company or Glencairn Ltd. ("Glencairn") will obtain sufficient financing on terms acceptable to either of them. See "Proposed Acquisitions." The consummation of the Proposed Acquisitions is not a condition to the Offering.

Treatment of Certain Contracts

The FCC currently is reviewing its "cross-interest policy," which essentially prevents individuals from having meaningful "cross-interests" which are not otherwise specifically prohibited by the application of the multiple ownership rules discussed herein. See "Business - Licensing and Regulation - *Ownership Limitations*." In connection with such review, in June 1992, the FCC released a Notice of Proposed Rulemaking which, among other things, seeks comments on the extent to which local marketing agreements between television stations should be regulated. The FCC has permitted similar agreements for radio broadcast stations and has, to date, not stated that local marketing agreements between television stations would be an impermissible business arrangement. There can be no assurance, however, that the FCC will not prohibit or restrict television local marketing agreements as a result of the above-mentioned rulemaking or of any other proceeding.

In 1991, Keyser Communications, Inc. ("KCI"), a company wholly owned by the Current Stockholders, entered into a PSA with WPTT in Pittsburgh, and the Company entered into a marketing and sales agreement with KCI with respect to the sale of advertising time available on the programming aired by KCI on WPTT. In connection with the Proposed Acquisitions, the Company is expected to enter into a PSA with WNUV in Baltimore and WTVV in Milwaukee. These arrangements with WNUV

and WVTM have been described in the Company's pending FCC application for approval of the WCGV and WTTM acquisitions. The existing and proposed PSAs are examples of local marketing agreements. The Company does not believe that any changes in the cross-interest policy will have a material adverse effect on the proposed arrangements in Baltimore and Milwaukee, or on the Company's operations generally; however, there can be no assurance in this regard.

Control by Stockholders; Dependence Upon Key Personnel

The Current Stockholders own in the aggregate 100% of the outstanding capital stock of the Company. Accordingly, such individuals are able to control the vote on all matters submitted to a vote of the Company's stockholders. Moreover, the Company leases property from and engages in other transactions with non-Company entities controlled by the Current Stockholders. See "Certain Transactions."

The Company believes that its success will continue to be dependent upon its ability to attract and retain skilled managers and other personnel, including its present officers and general managers. The loss of services of any of the present officers, especially its President and Chief Executive Officer, David D. Smith, may have a material adverse effect on the operations of the Company. None of the Company's officers has an employment agreement with the Company. The Company maintains key personnel life insurance of \$5.0 million on the life of David D. Smith, but does not maintain such insurance on any of the other officers. See "Management."

Absence of Public Trading Market for the Notes

There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes through Nasdaq. The Company has been advised by the Underwriters that, following the completion of the Offering, the Underwriters presently intend to make a market in the Notes; however, they are under no obligation to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market will develop or, if developed, will continue. If an active public market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

THE COMPANY

Sinclair Broadcast Group, Inc. owns and operates three Fox-affiliated independent UHF television stations: WBFF in Baltimore, Maryland; WPGH in Pittsburgh, Pennsylvania; and WTTE-TV in Columbus, Ohio. WBFF and WPGH are the leading revenue producing independents in their respective markets. WTTE is the sole independent in the Columbus market. Each of the stations broadcasts in one of the top 35 television markets in the country. The Company's three markets are characterized by favorable demographics and strong local economies.

During the last three years, the Company's net broadcast revenues have grown steadily from \$37.5 million in 1990 to \$67.3 million in 1992, representing a compound annual growth rate of 34.0%. Broadcast operating cash flow has increased from \$11.5 million in 1990 to \$25.8 million in 1992, representing a compound annual growth rate of 49.8%.

WBFF is located in Baltimore, the 22nd largest media market in the country, with over 965,000 television households and a population of approximately 2.6 million. Baltimore is home to a large number of state and federal employees and has significant concentrations of business in the education, health care and defense industries. Total television advertising revenues in the Baltimore market increased by 4.9% in 1992 from 1991.

WPGH is located in Pittsburgh, the 17th largest media market in the country, with over 1.1 million television households and a population of approximately 2.9 million. Pittsburgh is a market in transition from a heavy manufacturing economic base toward a high technology economy. Pittsburgh is known as one of the leading medical centers and is also home to many Fortune 500 companies. Total television advertising revenues in the Pittsburgh market increased by 9.5% in 1992 from 1991.

WTTE is located in Columbus, the 34th largest media market in the country, with over 695,000 television households and a population of approximately 1.8 million. Columbus, Ohio's state capital and the home of Ohio State University and many Fortune 500 companies, is a growing area characterized by a relatively young population. Total television advertising revenues in the Columbus market increased by 16.2% in 1992 from 1991.

The Company's operating strategy is: (i) to increase viewership and advertising revenues through the acquisition of quality programming, the use of counter-programming and children's programming, the introduction and development of hour-long local news at 10:00 p.m. and extensive community involvement by the stations; (ii) to aggressively control operating and programming costs; and (iii) to acquire additional broadcast properties which offer attractive growth opportunities.

The Company is the successor to a business founded in 1952 by the father of the Current Stockholders and which received its first television broadcast license in the late 1960s when it constructed WBFF in Baltimore. Subsequently, the business expanded through the construction of WPTT in Pittsburgh in 1978, WTTE in Columbus in 1984 and WIIB in Bloomington, Indiana in 1988. In 1986, the predecessor business was acquired by the Company, which was formed by certain stockholders, including the Current Stockholders, and their parents. During 1989 and 1990, the Company redeemed all of the outstanding shares of its capital stock held by stockholders other than the Current Stockholders. The Company sold WIIB in 1990 for \$1.5 million. In 1991, the Company sold WPTT for \$7 million and acquired WPGH for \$55 million.

The principal executive offices of the Company and Chesapeake Television, Inc., WTTE, Channel 28, Inc., WTTE, Channel 28 Licensee, Inc., WPGH, Inc., WPGH Licensee, Inc., WTTT, Inc. and WCGV, Inc. are located at 2000 W. 41st Street, Baltimore, Maryland 21211 and their telephone number is (410) 467-5005. The principal executive offices of Chesapeake Television Licensee, Inc., WTTT Licensee, Inc. and WCGV Licensee, Inc. are located at 1105 North Market Street, Suite 1300, Wilmington, Delaware 19801 and their telephone number is (302) 427-3629.

PROPOSED ACQUISITIONS

In August 1993, the Company, through its Subsidiaries, and ABRY Communications, L.P. ("ABRY"), through related partnerships and business entities, entered into asset purchase agreements for the Company's acquisition of WCGV in Milwaukee and WTTO in Birmingham for an aggregate purchase price of approximately \$60 million, subject to certain closing conditions and adjustments. WCGV is one of two independents in the Milwaukee market, the 28th largest media market in the country. WTTO is the leading revenue producing independent in the Birmingham market, the 49th largest media market in the country. WCGV and WTTO are each affiliated with the Fox network. In addition, the Company and ABRY entered into agreements for the purchase of programming inventory and certain other assets of WVTV in Milwaukee, and all of the partnership and stock interests of WNUV in Baltimore (subsequent to the sale by WNUV to Glencairn of its FCC license, transmitter, technical equipment and call letters) for an aggregate purchase price of approximately \$65 million, subject to certain closing conditions and adjustments.

Upon completion of the Proposed Acquisitions, the Company will pay approximately \$56 million to certain principals and affiliates of ABRY pursuant to a three-year covenant not to compete in the Milwaukee, Birmingham, Baltimore, Pittsburgh and Columbus markets.

ABRY has also entered into purchase agreements to sell the FCC license, transmitter, technical equipment and call letters of WNUV and WVTV to Glencairn simultaneous with the consummation of the Proposed Acquisitions (the "Glencairn Acquisitions"). Glencairn is a corporation in which a majority of the voting capital stock is owned by Carolyn C. Smith, the mother of the Current Stockholders. Edwin L. Edwards, Sr., a former station manager with the Company, is the president and chief operating officer of Glencairn and the other voting stockholder of the corporation. If FCC approval to the Proposed Acquisitions as proposed in the Company's current FCC application is obtained, the Company will enter into PSAs with Glencairn with respect to WNUV and WVTV.

Consummation of each of the Proposed Acquisitions is subject to the receipt of sufficient financing and certain closing conditions, including the closing of each of the other Proposed Acquisitions and the Glencairn Acquisitions. FCC consent for the Proposed Acquisitions and the Glencairn Acquisitions is also required and is a precondition to closing. Applications with the FCC were filed by the Company and Glencairn in August 1993 seeking approval of the Proposed Acquisitions and the Glencairn Acquisitions, and the Company estimates that the FCC will rule on the Proposed Acquisitions and the Glencairn Acquisitions during the first quarter of 1994. If the FCC grants its consent to these transactions, members of the general public have 30 days from the day upon which public notice of the FCC's consent to these transactions is granted to petition the FCC to reconsider, review or stay the FCC consent to any of these transactions. The FCC has an additional 10 days to set aside on its own motion the consent to any of these transactions. Thus, assuming that no action is taken to reconsider or review the FCC consent, the FCC consent to these transactions becomes final 40 days from the date on which the FCC issues its public notice reflecting the grant of the licenses. Whether or not FCC consent has been obtained, any party to the purchase agreements may terminate such agreements after June 30, 1994. If FCC consent is obtained but the Proposed Acquisitions are not consummated, the Company will, in certain circumstances (including the failure to obtain sufficient financing), forfeit its \$6.25 million deposit in the form of a letter of credit. There can be no assurance that FCC consent will be granted, that the other closing conditions will be satisfied or waived, or that the Company or Glencairn will obtain sufficient financing on terms acceptable to either of them.

The Company anticipates that it will need to incur approximately \$180 million of additional indebtedness in order to finance the Proposed Acquisitions. The Company anticipates entering into a new bank credit agreement to provide \$80 million of senior secured indebtedness and issuing \$100 million of additional senior subordinated notes which, it is anticipated, will be *pari passu* in right of payment with the Notes. However, the Company may obtain the required financing through any combination of public or private debt, equity or bank financing, all or a portion of which may be senior in right of payment to the Notes. There can be no assurance that the Company will obtain such financing on terms acceptable to it. See "Pro Forma Consolidated Financial Data." The consummation of the Proposed Acquisitions is not a condition to the Offering.

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the underwriting discount and estimated fees and expenses, are anticipated to be approximately \$ million. The Company intends to use approximately \$ million of the net proceeds to retire the term loan (the "Term Loan") under the Bank Credit Agreement and to pay down the outstanding amounts, if any, on the revolving credit facility (the "Revolving Credit Facility") under the Bank Credit Agreement and to pay related fees and expenses. As of September 28, 1993, amounts borrowed under the Bank Credit Agreement consisted of \$82.8 million of term indebtedness having a weighted average interest rate of 8.3% with a final maturity of December 31, 1996 (which represents the \$66.3 million outstanding on June 30, 1993, plus \$19.0 million in additional borrowings less a \$2.5 million quarterly principal payment). On such date, there were no amounts outstanding under the Revolving Credit Facility, which has a weighted average interest rate of 6.3% and a final maturity of September 30, 1997.

The Company used \$9.0 million of additional borrowings under the Term Loan to repurchase the remaining outstanding warrants (the "Warrants") that were previously issued to The Chase Manhattan Bank, N.A. ("Chase Bank") in 1991 in conjunction with the acquisition of WPGH by the Company. The remaining \$10.0 million of additional borrowings under the Term Loan were used in September 1993 to finance special bonuses paid to the executive officers of the Company. Amounts borrowed under the Revolving Credit Facility were used for general corporate purposes.

The Company intends to use the remaining net proceeds of approximately \$ million for working capital purposes. After giving effect to the Offering, the Company will be able to re-borrow up to \$15.0 million, subject to certain limitations, under the Revolving Credit Facility (of which \$8.75 million is available as of September 28, 1993).

CAPITALIZATION

The following table sets forth the current portion of long-term debt and total consolidated capitalization of the Company as of June 30, 1993 and as adjusted to reflect the application of the net proceeds of the Offering and consummation of the Proposed Acquisitions. This table should be read in conjunction with "Proposed Acquisitions," "Use of Proceeds" and "Selected Historical Financial Data."

	June 30, 1993		
	Actual	Post Offering (a)	Post Acquisition (a)
	(Dollars in thousands)		
Current portion of:			
Long-term debt, net of capital lease obligations . . .	\$10,862	\$ 862	\$ 862
Capital lease obligations	<u>1,089</u>	<u>1,089</u>	<u>1,089</u>
	<u>\$11,951</u>	<u>\$ 1,951</u>	<u>\$ 1,951</u>
Long-term debt::			
Term Loan	\$56,331(b)	\$ —	\$ —
Revolving Credit Facility	5,500	—(c)	—
Notes payable to former stockholders	13,067	13,067	13,067
Capital lease obligations, net of current portion . .	4,264	4,264	4,264
Other	3,507	3,507	3,507
Notes	—	100,000	100,000
Senior secured acquisition indebtedness	—	—	80,000
Subordinated acquisition indebtedness	—	—	100,000
Total long-term debt	<u>82,669</u>	<u>120,838</u>	<u>300,838</u>
Warrants outstanding	<u>10,059</u>	—(b)	—
Stockholders' equity (deficit):			
Common stock, \$.01 par value; 25,000,000 shares authorized, 680,000 shares issued and outstanding	7	7	7
Additional paid-in capital	4,733	4,733	4,733
Accumulated deficit	<u>(13,749)</u>	<u>(22,692)(d)</u>	<u>(22,692)(d)</u>
Total stockholders' equity (deficit)	<u>(9,009)</u>	<u>(17,952)</u>	<u>(17,952)</u>
Total capitalization	<u>\$85,769</u>	<u>\$102,886</u>	<u>\$282,886</u>

(a) See "Pro Forma Consolidated Financial Data."

(b) Subsequent to June 30, 1993, the Company incurred \$19,000 under the Term Loan, the proceeds of which were used to purchase the Warrants for \$9,000 and to pay special bonuses to executive officers in the amount of \$10,000 accrued as of June 30, 1993.

(c) After the Offering, the Revolving Credit Facility with available credit of \$15,000 will continue to be available to finance operations. The Revolving Credit Facility is currently being partially utilized for the \$6,250 letter of credit described in Note 14 to the Consolidated Financial Statements.

(d) Reflects a \$1,059 extraordinary gain due to purchase of Warrants and a \$10,002 extraordinary loss resulting from early retirement of debt.